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Weekly Contributions 26-50
Latin America Division, ORE, CIA
27 June 1950

CURRENT DEVELOPMENTS

GENERAL: The first meeting of the Inter-American Council of Jurists is, in spite of failure to produce a solution for the difficult problem of de facto recognition, to be credited with substantial progress in other directions (p. 2).

CENTRAL AREA: Transfer of army units in Ecuador will not greatly strengthen the government's position over against the principal potential revolutionary (p. 2). See also the report on the current situation in Brazil, under SPECIAL SUBJECTS, below.

SOUTHERN AREA: Recent Argentine government measures are in the direction of a corporate state (p. 3).

SPECIAL SUBJECTS

The Current Situation in Brazil 4

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1. GENERAL: First IACJ Meeting Makes Progress

The first meeting of the Inter-American Council of Jurists, held at Rio de Janeiro 22 May to 15 June, failed to produce a solution for one major item on its agenda, made substantial progress in dealing with other important items, and showed distinct possibilities for an increasingly useful role as an organ of COAS.

In spite of the recent trend toward uniformity in practice in recognizing de facto governments (D/LA Wkly, 6 Jun 50), this meeting was unable to reach agreement in principle on the criteria governing recognition of such regimes. The best that could be achieved was avoidance of an open split by reserving this whole complicated and highly controversial issue for action by the council at a later date, pending further study by the American governments themselves.

The jurists made constructive recommendations, however, concerning the statute governing their own organization, the codification of inter-American law, and cooperation with the UN International Law Commission. US views prevailed on the undesirability of establishing an Inter-American Court of Human Rights.

This first session of the council revealed its potentialities as a half-way house between the Inter-American Juridical Committee (a body of technical experts) and the full-dress Inter-American Conference, and its suitability as a testing ground for the views of the American governments on troublesome problems of a mixed political and juridical nature. Since the full-scale Inter-American Conference is not designed to study and discuss inchoate programs at length, but to accept, reject, or modify concrete projects presented by lesser bodies, meetings of the Council of Jurists should perform a useful function in the juridical field — as do those of the Inter-American Economic and Social Council in the economic field — through airing of diverse points of view and facilitating compromise solutions, thus easing the work of future meetings of the Inter-American Conference.

2. ECUADOR: Transfer of Army Units Only Slight Set-back for Guevara

The recent decision to exchange the reportedly disloyal infantry battalion in Guayaquil with the battalion located in Ambato and to strengthen the newly formed cavalry unit in Guayaquil by an additional fifty troops indicates the government's growing anxiety over the loyalty of troops in the second military zone. D/LA believes that, despite these moves, the government still cannot feel assured of its control over the Guayaquil area. The opposition and potentially revolutionary leader, Carlos Guevara Moreno (D/LA Wkly, 11 Apr 50), can at present count on the support of the air force (which has a station at Guayaquil and another at Salinas) and, in addition, he has infiltrated the army engineers' battalion at Salinas and the important mechanized unit at San Antonio to a

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point where their loyalty to the Plaza government is doubtful. Therefore, although this shift of army units represents a slight set-back for Guevara, it does not significantly weaken his position and it by no means removes the possibility of his staging a successful coup, should he manage to combine forces with an effective revolutionary group in the Quito area.

3. ARGENTINA: Corporate-State Measures to Strengthen Regime

Recent developments in the direction of a corporate state, which apparently are designed to extend and strengthen administration control, increase the prospects for perpetuation of the present Argentine governmental system. Intensified efforts by the government-sponsored General Workers' Confederation (CGT) to absorb the only two remaining independent unions probably will be successful, since, under the Perón regime, only the demands of CGT affiliates are generally met; the result will be the almost complete obliteration of the free-trade-union movement in Argentina. While Perón's call for a central employers' union to parallel the CGT labor confederation is apparently intended as a device through which the administration could counteract persistent and exaggerated wage demands, the effect of such an employers' union under Perón would be government domination of management. The new government-sponsored farm cooperative movement and government participation in the distribution of farm machinery -- allegedly for reasons of economy but evidently also to win support -- will probably obtain some acquiescence in Peronista control from the normally conservative agricultural industries. The Peronista Union's Party, now numerically strong and rapidly developing, probably will be used in an attempt to give the appearance of a second party, when the Radicals, at present the chief opposition party in Argentina, are eliminated as a political organization. To the extent that these Peronista objectives are achieved, the government will be strengthened by more complete organization of existing support and by more efficient methods for disciplining opposition elements and will become less democratic in the US sense of the term.

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The Current Situation in Brazil

(Summary -- The political situation remains confused and tense. Brazil's economic and financial outlook is good. In the Army, there have been no significant changes in strength or loyalty. Communists have made no noticeable gains and present no threat to the national security. Relations with the US have deteriorated steadily.

-- US security interests have not been favored by the increased anti-US feeling nor the possibility of an embargo on the export of strategic minerals.)

Political

The political situation remains confused and tense and will continue to be so until the major parties of the center agree upon a definite course of action against the candidacy of ex-dictator Getúlio Vargas, whose popular appeal is feared by both the government party, PSD, and the "loyal opposition", UDN. At the present time, it appears that the UDN candidate Gomes might resign so that the UDN can designate a running mate for the PSD's presidential candidate, Cristiano Machado. Such a combination probably could defeat Vargas in an honestly held election.

Although War Minister Canrobert's public disapproval of Vargas' candidacy has revived talk of a "protective coup" such army intervention is considered unlikely at this time. Not only has President Dutra reiterated that he will turn the government over to whatever candidate is chosen by the people, but the election of Vargas' friend and supporter, General Newton Estillac Leal, to head the Clube Militar shows that Vargas enjoys more army support than was previously thought likely. In addition, the Ministers of Air, War, and Navy on 20 June issued a joint circular calling on the members of the armed forces to cooperate to fulfill their constitutional mission and stating that the strength of the regime depends upon the impartial and discreet conduct of the military forces during the electoral campaign.

It is generally agreed that labor will play a greater part in the forthcoming election than it ever has in the past. Indications are that the decision to hold syndical elections (D/LA Wkly, 6 Jun 50), thus giving some autonomy to unions, was an attempt to put the incumbent PSD in a better position to ask return favors.

Economic

The economic and financial situation continues to be favorable and prospects for the future are good in spite of continuing inflation. Brazil's external debt position has improved steadily since the first of the year by virtue of substantial payments against the dollar backlog, of a \$19 million reduction in bonded indebtedness to the UK, and of a favorable world balance

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of trade including a sizeable surplus with the US. Barter-type trade agreements, expected to favor Brazil's future trade balance, have been signed with West Germany, Austria, Czechoslovakia, and Yugoslavia. The trend toward barter agreements shows no signs of slackening. Economic gains to date will be consolidated over the next year not only by an increased volume of trade and increased coffee receipts, but also by various long-range projects. The most important of these is the SALTE plan, for which the first five-year budget of US\$1.2 billion was approved this month. Almost half of this budget is earmarked for improving transportation; the next biggest segment is for power development. The creation of a coordinating committee for trade agreements and the forthcoming developmental loans from the Export-Import Bank will also contribute to continued improvement of economic conditions.

US interests in the availability of strategic materials have not been favored, however. A bill which might effectively embargo the export of fissionable materials and minerals in short supply may possibly be enacted before October elections, (D/LA Wkly, 13 Jun 50). In addition, it appears unlikely that permission will be given for US interests to work the Urucum manganese deposits before 1951 at the earliest.

Military

The most outstanding event in military circles during the past few months was the election in May of General Newton Estillac Leal as president of the important Clube Militar (see Political). Although the possibility of a "protective coup" on the part of certain army officers cannot be entirely discounted, it appears unlikely at this time that President Dutra would countenance such a move on the part of the army.

There have been no significant changes in either the strength, morale, state of efficiency, or loyalty of the Brazilian armed forces during the past few months.

Subversive

Some Communist gains can be expected in connection with the October elections. It is true that slightly increased activity among members of the outlawed Communist Party has not resulted in any noticeable gain to date; for example, May Day demonstrations were effectively controlled by advance arrests, and the two major propaganda campaigns -- for "peace" and against the atom bomb -- have not attracted widespread notice. It is also true that any future gains may be somewhat prejudiced by last week's discovery of an alleged Communist plot in Recife and by the repressive measures that may follow. (Reportedly, the mandates of the twelve Communist municipal councilmen of Recife have already been cancelled.) In spite of such setbacks, however, local Communist groups can be expected to take advantage of the confused preselection period and already are reportedly making local deals with many of the major political parties.

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Unless publicity surrounding the above-mentioned plot proves too damaging, it is expected that individual Communists may win a number of municipal and state posts and possibly some representation in the Federal Chamber of Deputies also. Their ability to threaten national security, however, will remain negligible.

International

Probably the most important element in Brazil's international position has been the increased anti-US sentiment (D/LA Wkly, 20 Jun 50). While it is true that this feeling should eventually yield to efforts toward improvement based on longer-term factors, it may well delay some of the present economic negotiations with the US as well as affect the normally close cooperation of Brazil in international matters. No marked change in Brazil's pattern of prior consultation with the US in international matters has as yet been noted, however. While Brazil has expressed a desire for the continuance of ECLA in the United Nations, it will, under certain conditions, support the US stand in favoring the continuance of the Inter-American Economic and Social Council over the renewal of ECLA in 1951. Meanwhile, Brazil can be expected to follow the US lead in not recognizing Communist China and in not permitting it to participate in the UN. The Brazilian delegate to the UN has simultaneously stated his conviction that the USSR does not intend to withdraw from the UN, and emphasized the importance of keeping the USSR in the organization. He has, however, emphatically repudiated the idea of holding the USSR in the UN at the price of appeasement or as the result of blackmail.